

Message Text

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PAGE 01 PEKING 01077 270808Z
ACTION EB-07

INFO OCT-01 EA-07 ISO-00 DODE-00 NSAE-00 USIA-06
TRSE-00 ERDA-05 CIAE-00 COME-00 /026 W
-----280021Z 075332 /64

R 270750Z MAY 77
FM USLO PEKING
TO SECSTATE WASHDC 7885
INFO AMEMBASSY BONN
AMCONSUL HONG KONG
AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 1077

E.O. 11652: GDS
TAGS: ESTC, CH, US, JA, GW
SUBJ: POSSIBLE FRG AND JAPANESE COCOM VIOLATIONS

1. RYAN AND JOSEPH OF IBM CALLED AT USLO MAY 26
TO INFORM USLO OF POSSIBLE FUTURE PROBLEM IN
THEIR COMPUTER SALES TO PRC. THEY SAID THAT IN
RECENT SALES TALKS WITH THE THIRD DEPARTMENT OF
TECHIMPORT THEY WERE TOLD ON SEVERAL OCCASIONS
THAT THEIR COMPETITORS IN JAPAN AND THE FRG (THEY
FEEL SURE THAT THE COMPETITORS ARE HITACHI AND
SIEMENS, BUT OFFERED NO EVIDENCE) HAVE
SOLD AND POSSIBLY EVEN DELIVERED FIVE-AXIS
COMPUTER-CONTROLLED MACHINE TOOLS TO THE PRC
FOR USE IN MULTI-DIMENSIONAL MACHINING,
SPECIFICALLY FOR COMPRESSOR BLADES SIMILAR TO
BURBINE BLADES FOR THE SHENYANG COMPRESSOR
FACTORY. THE CHINESE TOLD IBM SPECIFICALLY
THAT THEY WISHED TO MEET THIS COMPETITION
THEY MUST IN THE FUTURE FULFILL THE
REQUIREMENT OF PROVIDING COMPUTER CONTROLLED
MACHINE TOOLS WITH MORE THAN THREE AXES.

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PAGE 02 PEKING 01077 270808Z

2. RYAN AND JOSEPH SAID THEY FEEL STRONGLY
THAT GERMAN AND JAPANESE IMPORTERS ARE
EVADING OR DISREGARDING COCOM REGULATIONS.
IBM INTENDS TO OBSERVE THE REGULATIONS BUT
WANTS TO MAKE CERTAIN THAT ITS COMPETITION
DOES TOO. THEY THINK IT PARTICULARLY
IMPORTANT IN THEIR CHINA BUSINESS, WHERE IBM

COMPETITIVE POSITION IS NOT STRONG AS FAR
AS PRICE IS CONCERNED, TO BE ABLE TO COMPETE
EQUALLY ON A TECHNICAL AND EXPORT LICENSE BASIS.

3. COMMENT: WHILE WE BELIEVE THAT TECHIMPORT
MAY HAVE INITIMATED TO RYAN AND JOSEPH THAT
TECHIMPORT IS ABLE TO GET MORE SOPHISTICATED
MACHINE TOOLS FROM THE FRG OR JAPAN, WE IN
PEKING HAVE NO WAY OF KNOWING WHETHER OR NOT
THIS IS IN FACT THE CASE. WE WOULD APPRECIATE
ANY INFORMATION THAT WE CAN PASS TO IBM ON THIS SUBJECT.
DEAN

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Message Attributes

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Copy: SINGLE
Sent Date: 27-May-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
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